

Representation - Draft Modification Reports

UNC 0633 - Mandate monthly read submission for Smart and AMR sites from 01 December 2017

UNC 0638 - Mandate monthly read submission for Smart and AMR sites from 01 April 2018

Responses invited by: **5pm on 20 November 2017**

To: enquiries@gasgovernance.co.uk

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| Representative: | Richard Pomroy |
| Organisation: | Wales & West Utilities Ltd |
| Date of Representation: | 20 th November 2017 |
| Support or oppose implementation? | 0633 - Oppose 0638 - Oppose |
| Preference: | <i>If either 0633 or 0638 were to be implemented, which would be your preference?</i> 0638 |
| Relevant Objective: | d) Negative for 0633, None for 0638 f) Negative for 0633 and 0638 |

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We oppose both because we believe that both modifications need further development. The Competition and Markets Authority order introduces the read obligation into Supplier licences so a modification is not required, though it may be desirable. Given this, it is sensible to ensure that the modifications are well developed and address consequential issues. As we do not believe they are well developed we believe that both are negative for relevant objective (f). 0633 in addition brings forward the obligations to 1st December with very short notice which is unreasonable for organisations that are building their system to be ready for 1st April 2018. For this reason we believe that 0633 is negative for relevant objective (d).

We also believe that there may be implementation issues that have not been fully explored.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

From a timescales point of view both modifications should be implemented as soon as possible following a direction from the Authority but we believe that there may be CDSP system implementation issues that would prevent this.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

We may face costs of CDSP system changes to remove sites with Smart or AMR meters from being included in the monthly must read “pot”.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

Modification Panel Members have requested that the following questions are addressed:

Q1: Is this proposal inconsistent with the CMA requirement?

It is not inconsistent with it but it imposes a stronger obligation than that in the CMA order.

Q2: Do you believe there are any implications and/or consequential impacts that this proposal might have on Transporters’ “must read” obligations?

As drafted under both modifications all Smart and AMR meters become eligible for monthly must reads which may result in must reads being required for a large number of low consumption premises should the equipment fail to send in reads. While there are probably ways of resolving this retrospectively, it would be more sensible to consider this in the modification as this is a more efficient way of dealing with consequential issues which have been identified in advance.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

The report could usefully discuss the two issues of consistency with the CMA order and consequential effect on must reads but does not as there was not time due to the compressed timescales.

The modification report does not discuss implementation issues. It is not clear whether the DMSP will need to do a data fix to list all these Supply Points as Monthly Read or whether Shippers will be required to reconfirm them all as Monthly Read. If latter is the case then we would assume that the CDSP would need to put in validation to check that these reconfirmed sites fit the criteria. In both cases it seems that some change to CDSP systems is required before either modification can be implemented.

Please provide below any additional analysis or information to support your representation

The CMA direction put licence conditions on Suppliers in relation to submission of monthly reads and to ensure that they were submitted to the Transporter (which in practice is done by the Shipper. Extracts from the order are given at the end of this section). These are “all reasonable steps” obligations and not an absolute requirement. The direction further stated that these license obligations on Suppliers could fall away if a UNC modification was implemented that put these obligations into the UNC. Therefore obligations on Shippers already exist, in practice, to submit these reads. We completely understand that Suppliers and Shippers would prefer to have obligations in the UNC rather than in licence so in principle we are supportive of modification proposals to achieve this. We also appreciate that shippers may have delayed raising modifications until 0594R (Meter Reading Submission for Advanced & Smart Metering) had reported. This has not reported as the proposer is waiting for a response from Ofgem.

Given that there is no requirement for a modification to be implemented by a given date we do not support the implementation of modifications that are not fully developed. We believe that further work is required on the following areas:

- Must reads
- Level of obligation

The effect of both modifications is to make all smart and AMR meters monthly read and therefore subject to the “must read” requirement should they not send in sufficient reads. Failure to submit reads may result in Shippers being charged for must reads for small sites that would be annual read sites if they did not have an AMR or smart meter. It is not clear that this is sensible. In addition the modification puts an absolute obligation on Shipper which is stronger than that in the order. We think that further consideration of these issues would be beneficial.

In addition 0633 brings forward the introduction of these obligations by 3 months to 1st December with virtually no notice. (0633 was raised on 9th October and if implemented will only be implemented a few days before 1st December). We believe that this is completely unreasonable for those parties that are building a system solution and in itself is sufficient reason to oppose 0633.

Generally our observation is that urgent modifications or modifications raised that need to be implemented quickly have the risk of being poorly thought out or having hurriedly drafted legal text and these two modifications are an example of this problem.

The relevant clauses of the CMA order are listed below

3.3 With respect to any Supply Meter able to remotely transmit Valid Meter Readings referred to in Article 3.1, Retail Gas Suppliers must:

- (a) take all reasonable steps to obtain a Valid Meter Reading at least once per month;
- (b) submit at least once per month to the Relevant Gas Transporter all Valid Meter Readings obtained since the previous submission in accordance with the Transportation Principal Document Section M of the UNC.

8.1 This Order shall cease to have effect if the CMA confirms by way of a direction that an implemented modification proposal to the Uniform Network Code satisfies the aim of the remedy identified in paragraph 20.27(c) of the Report.